

East Africa's retail boom: a new opportunity for real estate

Rising consumer demand has led to the development of strong local retail brands and the emergence of international brands — all seeking to capitalise on this growing customer base.



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Retail is emerging among the most vibrant sectors of the East African economy. Kenya's capital city, Nairobi, has not only become an important retail market in its own right but a stepping stone into the rest of the country and wider East Africa.

Nairobi is a rising regional shopping destination, the headquarters to many regional retail and food and beverage (F&B) businesses, and a launchpad for retail concepts into other East African areas.

It is believed that urbanisation, a growing middle class and the rise of digital connectivity are boosting the retail sector in Nairobi, according to a consensus of thought leaders participating in the 11th annual East Africa Property Investment (EAPI) Summit Retail Forum, which takes place on the second day of the event to be held on 17 and 18 April 2024 in Nairobi, Kenya.

Local brand experiences on the rise

Digitally savvy middle-class Kenyans are demanding local brand experiences that align with what they see regionally, continentally and internationally, and are boosting the retail sector in Nairobi. Rising consumer demand has led to the development of strong local retail brands and the emergence of international brands—all seeking to capitalise on this growing customer base.

As a key sector of the property industry, retail is crucial to the growth of a prosperous and thriving real estate market. For this reason, retail and F&B will take centre stage at the #EAPI2024 Retail Forum, hosted in Partnership with Village Market, Knight Frank and CBRE Excellerate.

The unique platform for East Africa's retail sector to meet and connect with the region's leading landlords, brokers, financiers, advisory teams and more will play a part in shaping Africa's most exciting retail market and exploring regional and global trends.

A playing field to both local and international retailers

Ryan Pape, country manager at CBRE Excellerate Kenya, notes that Nairobi's infrastructural improvements and private sector investment have opened the playing field to both local and international retailers and F&B chains.

"Nairobi's infrastructural improvements and private sector investment has opened up the playing field to both local and international retailers and F&B chains. We see increased public and private investment into roads, rail, shopping malls, convenience malls, cold chains and distribution centres, to name just a few areas."

Hooman Ehsani, director of new developments, Greenhills Investment Limited, which built the Village Market Shopping & Recreation Complex in Nairobi and took it through five expansions, including Tribe Hotel, believes that well-positioned brands with the right product mix would do well to open a store in Nairobi.

"The Nairobi F&B scene has become considerably more vibrant and appealing over the last couple of years, with the success of some newer entrants catalysing more creativity and energy, and encouraging more entrepreneurs to venture into the space.

Similarly, on the retail side, we've seen a significant spike in interest as business owners aim to meet a growing appetite, especially for locally produced fashion, home furnishings and beauty services."

Ehsani adds, "Nairobi is now achieving a level of comfortable balance between retail space in the right locations and better-quality retailers with the right products for the market. There is renewed confidence within the business community and increased optimism around stability and growth opportunities."

Diversity of real estate

Wambui Mbarire, CEO at Retrak Kenya, reports that the biggest recent change in the market is the increased diversity of retail partners to rent the newly developed spaces. "Whereas historically, there were one or two potential tenants with the capacity to rent prime retail real estate, the growth of the sector has seen more options available to landlords."

Mbarire notes that Nairobi, with its diversity and cosmopolitan nature, is a great place to test and tweak brands for launch into other Kenyan and East African towns and cities.

"The urbanisation that we are seeing countrywide is also providing retail property players with additional locations outside of the traditional Nairobi, Mombasa and Kisumu axis. Good examples of this include Nakuru, Eldoret, Naivasha as well as Kajjado, Kitengela, Kiambu, Limuru, Thika and Ngong."

Mark Dunford, CEO at Knight Frank Kenya, states, "Nairobi's retail, food, and beverage sector is experiencing a dynamic

growth surge, driven by the strategic expansion of both local and international retailers. This growth is a result of the city's increasing urbanisation and consumer spending, which have been supported by private equity investments. The burgeoning retail landscape offers lucrative opportunities for both investors and retail brands. As Nairobi's status continues to grow into a prominent hub, it offers investment prospects for stakeholders in the retail property sector and capital investors. This is largely attributed to a boost in investor confidence, fuelled by government-led infrastructure projects and the growing allure for international retail entities."

Growth in the retail sector

In today's market, establishing a presence in Nairobi is exceptionally attractive for retail brands. The city's upgraded infrastructure, combined with the robust growth of both local and multinational retailers, cements its position as one of the premier retail markets in Africa.

Murray Anderson-Ogle, GM of marketing and commercial at API Events, adds, "Kenya is a key market with many successful local homegrown retail brands, including those operating in the vibrant F&B arena, and it has the clear potential to be an African retail real estate powerhouse."

All agree that the surging retail market requires a platform to connect with its real estate stakeholders, and the EAPI Retail Forum answers this need. #EAPI2024 Retail Forum is exclusively in-person at Radisson Blu, Upper Hill, Nairobi.

"The understanding of this market's changing needs that will be provided at the EAPI Retail Forum is beneficial to landowners, developers, investors, and property professionals alike," highlights Pape.

"EAPI has been at the leading edge of the conversation around property trends in the region, and investment in retail and F&B operations has become a significant part of the investor interest," says Ehsani.

Mbarire concludes, "This is the natural progression of the market, and establishing the EAPI Retail Forum now will ensure participation in one of the most vibrant sectors of the East African economy."

The Retail Forum of the 11th East Africa Property Investment Summit will take place on 18 April 2024 at Radisson Blu, Upper Hill, Nairobi, Kenya.

For more, go to <https://EAPISummit.com>.

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